



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE
June 9, 2006

CONTACT: Drew Mendelson
(916) 653-4052

CALIFORNIA TREASURER PHIL ANGELIDES COMMENTS ON FITCH'S UPGRADE OF STATE'S GO BOND RATING

SACRAMENTO, CA – California Treasurer Phil Angelides today had the following comments on the announcement by Fitch that it has upgraded California's General Obligation bond credit rating to A+ from A:

"Fitch's slight increase in California's bond rating clearly carries a warning as stern as those issued by the other two major bond rating agencies: that California must resolve its continuing budget deficit. Fitch cautions that despite increased state revenues: 'a structural imbalance remains in fiscal 2007 and beyond...'

"Fitch also warns 'the proposed [California] budget would retain only small balances leaving the state vulnerable to capital gains and real estate volatility.' Fitch's action leaves California's bond rating next to the bottom among the states, better only than the bond rating Fitch has assigned Louisiana.

"Thus, in quick succession, the nation's three major bond rating agencies have clearly corroborated my warning and that of the Legislative Analyst that while state revenues have improved, California's economic condition will remain insecure until the state produces balanced budgets.

"We must do better – to gain a respectable credit rating California must have a truly balanced budget that protects education. Even in a year when the state has received billions in unexpected revenue, Governor Schwarzenegger has failed to confront the structural deficit by proposing a balanced budget. His revised budget would continue to shift the burden of today's deficits onto the backs of future generations."

#